

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935
or Section 30(f) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number 3235-0104

Expires: September 30, 1998

Estimated average burden hours per response 0.5

<TABLE>

<CAPTION>

<S>

1. Name and Address of Reporting Person	2. Date of Event Requiring Statement (Month/Day/Year)	4. Issuer Name and Ticker or Trading Symbol	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	9/14/96	MK Rail Corporation (MKRL)	
(Last) (First) (Middle)			
Person to Issuer		5. Relationship of Reporting Date of Original (Check all applicable)	6. If Amendment,
World Financial Center		____ Director ____ 10% Owner	7. Individual or
(Month/Day/Year)		____ Officer <u> x </u> Other (specify	Filing (Check
North Tower		below)*	Line)
250 Vesey Street		(give title below)	____ Form filed by
Joint/Group		Deemed Member of Group	Reporting
Applicable	3. IRS or Social Security Number of Reporting Person (Voluntary)		<u> x </u> Form filed by
One			One Reporting
Person	#13-5674085		
New York, NY 10281			
More than			
Person			
(City) (State) (Zip)			

TABLE I - NON-DERIVATIVE SECURITIES BENEFICIALLY OWNED

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1. Title of Security Ownership	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial (Instr. 5)
Common Stock, \$.01 par value	approximately 579,979.27*	D	
Common Stock, \$.01 par value	approximately 579,979.27*	I	*

</TABLE>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
(Print or Type Responses)

(Over)

SEC 1473(8-92)

TABLE II -- DERIVATIVE SECURITIES BENEFICIALLY OWNED (E.G., PUTS, CALLS, WARRANTS, OPTIONS, CONVERTIBLE SECURITIES)

<TABLE>

<CAPTION>

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1. Title of Derivative Indirect Security Beneficial Ownership (Instr. 4)	2. Date Exercisable and Expiration Date (Month/	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of	5. Ownership Form of Derivative Security:	6. Nature of (Instr.
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Day/Year)

Derivative
SecurityDirect (D)
Indirect (I)
(Instr. 5)

Date	Expiration	Title	Amount
Exer- cisable	Date		or Number of Shares

</TABLE>

Explanation of Responses:

* The Common Stock will be acquired by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a direct, wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("ML&Co."), pursuant to an order of the United States Bankruptcy Court for the District of Delaware, dated August 26, 1996, confirming the First Amended Plan of Reorganization of Morrison Knudsen Corporation ("MKC") under Chapter 11 of the Bankruptcy Code (the "Plan") in satisfaction of certain claims against MKC. The Plan required creditors of MKC, including MLPF&S, to be bound by the terms of a Stockholders Agreement dated as of June 20, 1996, MLPF&S may be deemed to be a party to the Stockholders Agreement with certain other stockholders (the "Stockholders") pursuant to which the shares of Common Stock owned by MLPF&S and the Stockholders must be voted for certain nominees for election to the board of directors and certain transfer restrictions apply to MLPF&S and the Stockholders. Accordingly, MLPF&S and the Stockholders may be deemed to constitute a group for purposes of Section 13(d)(3) of the Exchange Act. The Reporting Persons disclaim beneficial ownership of the shares of Common Stock held by the Stockholders and disclaim that they constitute a group with the other Stockholders for purposes of Section 13(d)(3) of the Exchange Act.

Merrill Lynch, Pierce, Fenner & Smith Incorporated

**Intentional misstatements
or omissions of facts constitute
Federal Criminal Violations.
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

/s/Richard B. Alsop	September 23, 1996
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Richard B. Alsop	Date
Attorney-In-Fact	

Note: File three copies of this Form, one of which must be manually signed.
If space provided is insufficient, see Instruction 6 for procedure.

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JOINT FILER INFORMATION

Name: Merrill Lynch & Co., Inc.

Address: World Financial Center - North Tower
250 Vesey Street
New York, New York 10281

Designated Filer: Merrill Lynch, Pierce, Fenner & Smith Incorporated

Issuer & Ticker
Symbol: MK Rail Corporation (MKRL)

Date of Event
Requiring
Statement: September 14, 1996

Signature: /s/ Richard B. Alsop

Richard B. Alsop*
Attorney-In-Fact

* Signed pursuant to a power of attorney, dated November 17, 1995, included as Exhibit B to the Schedule 13G filed by Merrill Lynch & Co., Inc. for Walden Residential Properties, Inc. and incorporated herein by reference.